



GARY R. HERBERT  
Governor

SPENCER J. COX  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

February 10, 2015

Eastern Utah Community Credit Union  
675 East 100 North  
Price, Utah 84501

Subject: Authorization for Partial Release of Reclamation Surety; Certificates of Deposit 39203-72 and 39203-71; GoldTerra, Inc.; Black Knight Mine, S/015/0078, and Black Butte Mine, S/015/0080; Emery County, Utah

Dear Sir or Madame:

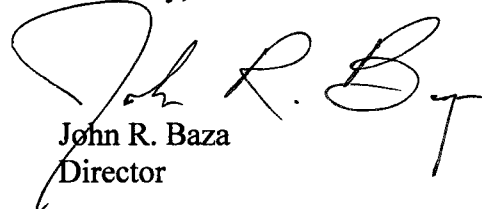
Eastern Utah Community Credit Union is presently holding Certificates of Deposit 39203-72 and 39203-71 for the benefit of the State of Utah, Division of Oil, Gas and Mining (Division), and the Utah School and Institutional Trust Lands Administration as a form of reclamation surety for GoldTerra, Inc.'s Black Knight and Black Butte mines.

This letter authorizes a reduction of the face value of each certificate of deposit to no less than \$2000. This is justified because the Division has verified that the majority of reclamation has been completed.

When this transaction has been completed, please supply the Division with amended Certificates of Deposit showing the new amounts.

Please contact Paul Baker at 801-538-5261 or Dana Dean at 801-538-5320 if you have questions or concerns about this action. Thank you for your assistance.

Sincerely,



John R. Baza  
Director

JRB:whw:pb

cc: Dan Sheppard, GoldTerra

Jerry Mansfield, SITLA (jmansfield@utah.gov)

P:\GROUPS\MINERALS\WP\M015-Emery\S0150078-BlackKnight\final\CDRel-6420,6421-02092015.doc





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Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining  
JOHN R. BAZA  
Division Director

### Minerals Inspection Report

Reviewed \_\_\_\_\_

Report Date: **12/08/2014**

Mine Name: Black Butte	Permit Number: S/015/0080	Mine Status: Active
Operator Name: Goldterra Inc.	Inspection Date: 12/08/2014	Permit Fees: Paid
Inspector(s): Wayne Western	Inspection Time: 12:01 - 12:40 pm	Bond Amount: \$7,600
Attendee(s):	Weather: mild and clear	Bond Escalation: 03/26/2014
Inspection Purpose: Routine inspection		Prior Inspection: 10/30/2014

#### Conclusions and Recommendations

The purpose of the inspection was to monitor the contractor at the site. The contractor was reclaiming the road and cleaning up the site. The site had been previously disturbed by with pits. The pits had been backfilled prior to current reclamation work. There were rebar stake on site for a grid which were removed. Reclamation most consisted of pocking the road from the site to the check dam which is outside of the permit boundary.

Elements of Inspection	Evaluated & Commented	Enforcement
1. Permits, Revisions, Transfer, Bonds The Operator is in the process of reclaiming the site for bond release.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Public Safety (shafts, adits, trash, signs, highwalls) The area is most flat with no underground openings or highwalls. No trash or signs were on site.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Protection of Drainages/Erosion Control Erosion controls for the reclaimed site consist of pocking. The site is flat and there were no signs of erosion within the permit boundary.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Deleterious Material None present. All rebar had been removed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Roads (maintenance, surfacing, dust control, safety) The main reclamation activity was to pock the road from the reclaimed pits to the check dam. The pocks were approximately 18 inch long, 18 inches wide and 6 inches deep.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Reclamation	<input type="checkbox"/>	<input type="checkbox"/>
7. Backfilling/Grading (trenches, pits, roads, highwalls, shafts)	<input type="checkbox"/>	<input type="checkbox"/>
8. Soils	<input type="checkbox"/>	<input type="checkbox"/>
9. Revegetation Contractor will seed the area.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Other	<input type="checkbox"/>	<input type="checkbox"/>

Inspector's Signature: \_\_\_\_\_

CC:

File: /nrwogmfs1/OGM/GROUPS/MINERALS/WP/M015-Emery/S0150080-BlackButte/inspections/Insp12082014.pdf





Looking west. Contractor is poking the access road.



Rebar had been removed from the site.



Looking west. Operator is poking the access road. Note the mine area has been reclaimed some years ago.



White truck in the left show were the poking will stop. The road will to the check dam will be left in place.



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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining  
JOHN R. BAZA  
Division Director

### Minerals Inspection Report

Reviewed \_\_\_\_\_

Report Date: **12/08/2014**

Mine Name: Black Knight	Permit Number: S/015/0078	Mine Status: Active
Operator Name: Goldterra Inc.	Inspection Date: 12/08/2014	Permit Fees: Paid
Inspector(s): Wayne Western	Inspection Time: 10:40 - 11:00 am	Bond Amount: \$7,600
Attendee(s):	Weather:	Bond Escalation: 03/02/2014
Inspection Purpose: Routine inspection		Prior Inspection: 10/30/2014

#### Conclusions and Recommendations

The purpose of this inspection was to determine if the site would meet the minimum requirements for bond release.

Elements of Inspection	Evaluated & Commented	Enforcement
1. Permits, Revisions, Transfer, Bonds The Operator has not formally requested bond release but did make known to the Division the intention to reclaim the site and apply for bond release.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Public Safety (shafts, adits, trash, signs, highwalls) The site was a test pit. No underground openings, highwalls were constructed. No signs or trash were within the permit area.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Protection of Drainages/Erosion Control The site will be protected from erosion by backfilling and grading. The contractor walked tracked machinery over the site to create pocks for seeds to collect.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Deleterious Material None on site	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Roads (maintenance, surfacing, dust control, safety) The road to the site from roads used for other purposes was reclaimed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Reclamation	<input type="checkbox"/>	<input type="checkbox"/>
7. Backfilling/Grading (trenches, pits, roads, highwalls, shafts)	<input type="checkbox"/>	<input type="checkbox"/>
8. Soils No topsoil was salvaged prior to mining. Operator used what material was available.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>
10. Other	<input type="checkbox"/>	<input type="checkbox"/>

Inspector's Signature: \_\_\_\_\_

CC:

File: /nrwgmfs1/OGM/GROUPS/MINERALS/WP/M015-Emery/S0150078-BlackKnight/inspections/Insp12082014.pdf





Reclaimed area looking north. Area was blended into the surrounding areas.



Looking west



Looking southwest

Looking south.



Pit has been filled in and surface roughened.



Access road looking east. Tracks used to prepare ground for seeding.

The contractor had to do some earthwork on the access road along the gully. The contractor used tracks to create pocks for seeds and moisture to collect.

Parts of the road were pocked.





January 11, 2010

State of Utah, Dept. of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Ste 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801

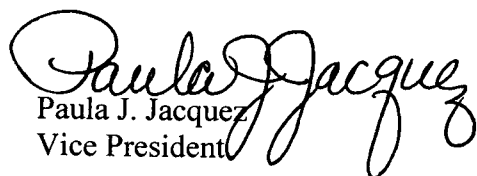
Attn: Penny Berry,

This letter acknowledges receipt of a Reclamation Surety by Eastern Utah Community Credit Union from the Division of Oil, Gas and Mining. The Eastern Utah Community Credit Union agrees to the terms and instruction of the CD Agreement letter. An administrative hold (restriction) has been placed on the account in the amount identified below until such time redemption or release authorization is provided by the Division in accordance with the instructions per the CD agreement letter.

Mine Site: Black Knight Mine Site DOGM File#S15/00/78  
Account Name: Goldterra, Inc.  
Account Number: 39203-72  
Principal Amount: \$7600.00  
Original Acknowledgement: 12/23/09

Sincerely,

Eastern Utah Community Credit Union

  
Paula J. Jacquez  
Vice President

RECEIVED

JAN 19 2010

Div. of Oil, Gas & Mining



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

**DEPARTMENT OF NATURAL RESOURCES**

MICHAEL R. STYLER  
Executive Director

**Division of Oil, Gas and Mining**

JOHN R. BAZA  
Division Director

January 7, 2010

Eastern Utah Community Credit Union  
675 East 100 North  
Price, Utah 84501

Attention: Paula J. Jacquez Vice President, 435-637-2443, [paula@euccu.com](mailto:paula@euccu.com)

Subject: Reclamation Surety, Certificate of Deposit for Goldterra, Black Knight Mine Site, S15/00/78  
Emery County, Utah, BLM Serial Number UTU 79587

Certificate of Deposit No. 39203-72 Principal Amount \$7600.00

This letter describes the mutually agreed upon instructions of the below signed parties to Eastern Utah Community Credit Union ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Black Knight ("Mine Site"), Emery County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$7600.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the BLM upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

**Ownership and Renewal:**

Ownership of the CD is retained by Goldterra, Inc., a foreign corporation, but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and BLM and is subject to the terms and conditions described in this agreement. Bank hereby acknowledges the pledge of the aforesaid CD to the Division and the BLM and agrees to record the information in the bank's written and electronic records of book entry.

Further, the bank acknowledges and agrees that it shall hold the moneys represented by the CD's







January 5, 2010

State of Utah, Dept. of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Ste 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801

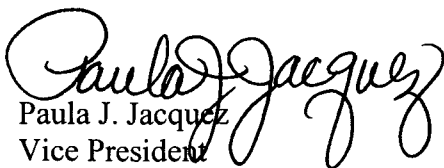
Attn: Penny Berry,

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Mine Site: Black Butte Mine Site DOGM File#S/015/0080  
Account Name: Goldterra, Inc.  
Account Number: 39203-71  
Principal Amount: \$7600.00  
Original Acknowledgement: 12/23/09

Sincerely,

Eastern Utah Community Credit Union

  
Paula J. Jacquez  
Vice President

RECEIVED

JAN 19 2010

Div. of Oil, Gas & Mining



Wayne Western &lt;waynewestern@utah.gov&gt;

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**Bond Release**

2 messages

**Wayne Western** <waynewestern@utah.gov>

Mon, Feb 2, 2015 at 2:10 PM

To: Jerry Mansfield &lt;jmansfield@utah.gov&gt;

Jerry,

the Division received request for partial bond release at the Black Knight S/015/0078 and Black Butte S/015/0080 mines. I inspected the mines in the fall of 2014 and the reclamation work looked good.

Does SITLA concur with the recommendation for bond release? If so please send a concurrence email or letter.

Wayne

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**Jerry Mansfield** <jmansfield@utah.gov>

Tue, Feb 3, 2015 at 1:09 PM

To: Wayne Western &lt;waynewestern@utah.gov&gt;

Wayne,

I looked at your inspection reports on your web site and SITLA concurs with bond release.

[Quoted text hidden]

--

Jerry W. Mansfield  
Resource Specialist  
School & Institutional  
Trust Lands Administration  
[801.538.5153](tel:801.538.5153)